June, 1985 captioned "The House of Tricks", regarding the existence of a racket in the Central Warehousing Corporation; and

(b) if so, what action has been taken by Government to identify the racket functioning in league with the smugglers to remove the contraband goods by substituting them with local goods and also against those involved in stealing the items from consignments?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI JANARDHAN POOJARI): (a) Yes, Sir.

(b) The Central Warehousing Corporation (C.W.C.—a Government of India undertaking under the Ministry of Food and Civil Supplies, Department of Food) are the legally appointed custodian of imported goods stored in the C.W.C. godowns attached to the Import Cargo Complex of the Delhi Airport. The security of this godown is entrusted by the C.W.C. to the Ex-Servicemen Airlink Transport Service (E.A.T.S.) an organisation of the Ex-servicemen sponsored by the Director General, Resettlement.

The Customs authorities attached to the Delhi airport have conducted investigations in regard to certain specific cases of substitution/pilferage of imported goods from the C.W.C. godowns. As a result of the investigations, contraband goods valued at about Rs. one lakh were seized during April, 1985. The Customs authorities are keeping a close vigil for taking appropriate necessary action against such attempts at clandestine removal of imported goods from the godowns. The security arrangements of the C.W.C. godowns have been further tightened.

Export of Cotton by the Cotton Corporation of India

*392. SHRI R. SAMBASIVA RAO: Will the Minister of SUPPLY AND TEXTILES be pleased to state:

(a) whether it is a fact that the Cotton Corporation of India at Guntur have recently received an order for the export of 4000 bales of special quality of cotton of 60 counts and 34 mm length through Kothak Company of Bombay;

(b) whether it is also a fact that the buyers have found that cotton of A and B grades of 40 counts and 28 mm length is being supplied for export which they have rejected and is lying at Bombay port resulting in a net loss of Rs. 1 crore to the Cotton Corporation of India; and

(c) if so, what action Government have taken or propose to take against the Branch Manager of the Cotton Corporation of India at Guntur for supplying inferior grades of Cotton?

THE MINISTER OF STATE OF THE MINISTRY OF SUPPLY AND TEXTILES (SHRI CHANDRA SHEKHAR SINGH): (a) to (c) The Cotton Corporation of India had sold 6,000 bales of AP MUC-5 to M/s Textile Impex, a Polish Government organisation through M/s. Kothak and Company on 22nd February, 1985. The Corporation further sold 2100 bales of the same quality to the said buyers on 31st May, 1985. Against the initial quantity of 6,000 bales, the buyers after pre-shipment inspection finally approved 4389 bales, which have since been shipped. The remaining quantity lying in the godowns of the CCI at Bombay is being offered in export and in the domestic market. Against the second contract for 2100 bales, the buyers did not find the quality upto their satisfaction. These bales are being sold in the domestic market. There is, however, no loss to the Corporation as it has succeeded in realising much higher price in export than the procurement price.

Action Taken on the Recommendations of the Eighth Finance Commission

*393. SHRI RAOOF VALIULLAH: Will the Minister of FINANCE be pleased to state what action Government have since taken on the recommendations and observations made by the Eighth Finance Commission as regards taxes and duties under Articles 268 and 269 of the Constitution?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI JANARDHAN POOJARI):

Recommendations and observations made by Eighth Commission as regards taxes and duties under articles 268 and 269 of the Constitution of India and the action taken by the Government thereon are summerised below:

I. Scope for Raising Revenues from taxes and duties mentioned in Articles 268 and 269 of the Constitution

Recommendations of the Commission	*Action taken*
Duties under article 268	
(a) There is some scope for raising rates of stamp duty only in respect of— (i) Bills of lading excluding these in respect of inland navigation; (ii) letters of credit, and (iii) policies of general insurance including marine insurance.	By the Finance Act, 1985 the rates of stamp duty have been increased with effect from 1st July, 1985 on the instrument of bill of lading from 25 paise to Re. 1 and on the instrument of letter of credit from Re. 1 to Rs. 2. The existing rates of stamp duty on general insurance policies have not been disturbed.
(b) There is on scope for enhancing revenues from excise duties on medicinal and toilet preparations.	In para 15·27 of its Report, the Commission has observed that since the rates of excise duty on medicinal and toilet preparations were increased only in 1982, there is at present no scope for enhancing this duty, In view of this observation no action is merited in this regard.

II. *Taxes and duties mentioned in Article 269 but not levied at present*

(i) There is scope for levying tax on railway passenger fares but on such tax should be levied as long as the present arrangment by which the Centre gives grants to the States in lieu of such a tax, continues to exist.	As per Government decision this recommendation has been referred to the Ministry of Railways (Railway Board) for being placed before the Railway Convention Committee of the Parliament.. The recommendation has been examined by the Railway Board and a memorandum for submission to the Railway Convention Committee (1985) is under finalisation and will be referred to Ministry of Finance for concurrence. Pending acceptance of this recommendation by the Convention Committee in the Central Budget for 1985-86 a provision of Rs. 95 crores for being paid to the State Governments as grants in lieu of the tax on railway passenger fares has been made.
(ii) There is scope for raising revenues by levying a tax on advertisements published in newspapers and journals.	This recommendations was referred to the Ministry of Information and Broadcasting. In vies of the recent developments like circumstances leading to the withdrawal of the restriction by the Ministry of Finance on the advertisment expenditure of the public sector units etc., judgement of the Supreme Court in the case of levy of custums duty on the newsprint and general increase in the price of news-print both imported and indigenouos the Ministry of the Information & Broadscasting have come to the conclusion that the proposed tax may not be levied.